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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations peacekeeping forces in the Middle East: United Nations Disengagement Observer Force

Financial performance report for the period from 1 July 2003 to 30 June 2004 and proposed budget for the period from 1 July 2005 to 30 June 2006 of the United Nations Disengagement Observer Force

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation 2003/04	$40,009,200
Expenditure 2003/04	$39,743,800
Appropriation 2004/05	$40,902,100
Proposal submitted by the Secretary-General for 2005/06	$41,581,200
Recommendation of the Advisory Committee for 2005/06	$41,581,200

I. Introduction

1. **The Advisory Committee is recommending acceptance of the Secretary-General's proposal for the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 2005 to 30 June 2006. However, the Committee, in the paragraphs below, makes several observations and recommendations regarding the administration and management of the Force and opportunities for further savings.**

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2. The Advisory Committee's general report on the administrative and budgetary aspects of the financing of United Nations peacekeeping operations (A/59/736) contains its views and recommendations on cross-cutting issues. The Committee therefore deals in the paragraphs below with resources and other items specifically relating to UNDOF.

3. The documents used by the Advisory Committee in its consideration of the financing of UNDOF are listed at the end of the present report.

II. Financial performance report for the period from 1 July 2003 to 30 June 2004

4. On the recommendation of the Advisory Committee, the General Assembly, in its resolution 57/324 of 18 June 2003, appropriated to the Special Account for UNDOF the amount of $40,009,200 gross ($39,027,100 net) for the period from 1 July 2003 to 30 June 2004. The total amount has been assessed to Member States.

5. Expenditures for the period totalled $39,743,800 gross ($38,656,600 net), which is $265,400 or 0.7 per cent lower than the apportionment of $40,009,200 (see A/59/625, p. 2).

6. The unutilized balance of $265,400 was a combination of savings and additional requirements under various line items. Savings were mainly due to discounts received, early payment discounts, improved rations controls, lower communications costs, as well as savings in customs and freight costs, as materials for the mission's modernization programme were procured locally. The overexpenditures resulted primarily from increased expenses in areas such as air transportation costs for troop rotation, staff costs for both international and national civilian personnel following a routine salary review, as well as an unanticipated need for reconfiguring markers to make them more visible along the ceasefire line in the western area of the area of separation. Additional communications requirements arose as a result of the modernization programme, which improved and added communications equipment at UNDOF headquarters and at military outposts. Finally, a loss on foreign exchange transactions owing to currency fluctuations resulted in higher expenditure in the relevant line item.

7. The comments of the Advisory Committee on the information in the performance report on individual expenditure objects can be found in the discussion of the proposed budget for the period from 1 July 2005 to 30 June 2006 in the paragraphs below.

III. Information on performance for the current period

8. This year, for a number of reasons, it was not possible for the Secretariat to consistently provide the most up-to-date information on the following issues in time for inclusion in the reports of the individual peacekeeping operations: (a) expenditure for the current period; (b) current incumbency; (c) status of reimbursement for troop/formed police costs, contingent-owned equipment and death and disability; (d) cash position of the missions; and (e) status of contributions. This information is therefore being supplied in consolidated tables,

which are annexed to the Advisory Committee's general report on peacekeeping operations (A/59/736).

IV. Proposed budget for the period from 1 July 2005 to 30 June 2006

A. Mandate and planned results

9. **As in its previous report (A/58/759/Add.7), the Advisory Committee commends UNDOF for its continued use of results-based budgeting techniques. The Committee acknowledges the noticeable improvements made in the presentation of the results-based budgeting framework.**

10. **The Advisory Committee commends the UNDOF administration for the extensive three-year Force modernization programme.** According to UNDOF, the following has been achieved as a result of the programme:

- Reduction in infrastructure and logistics support: (a) the number of positions has been reduced by 10; (b) new/renovated facilities require less logistical support after becoming more self-sufficient, e.g. in water and sewage management; and (c) improved patrol and observation capacity.
- Improved communication facilities: (a) all positions were equipped with Internet access and, as required, with access to United Nations management software; (b) strengthening of communication links with the United Nations Truce Supervision Organization (UNTSO) and the United Nations Interim Force in Lebanon (UNIFIL), as well as with Headquarters and the United Nations Logistics Base (UNLB); (c) completion of a Communications and Information Technology Service building and an associated cable conduit network project at Camp Faouar to consolidate all of UNDOF headquarters communications.

11. The Advisory Committee notes that efficiency savings have as yet not been identified but recognizes that the focus of the force modernization programme was primarily on improving the operational activities of the military component. The Committee acknowledges that while some operational aspects may be intangible, the modernization programme will inevitably affect both the military and civilian components. For example, a reduction in the number of military positions would also result in a reduction of logistics support provided by the Administration and may have an effect on the number of vehicles or staff required for logistics and related functions. Also, the newly completed Communications and Information Technology Service building and the cable conduit network project would be equipped to support all UNDOF components, civilian and military. **The Advisory Committee expects an update by UNDOF on gains in terms of overall efficiency, economy and effectiveness as a result of the modernization programme.**

12. The Advisory Committee inquired about the role of UNDOF in mine-clearing activities within its area of responsibility. The Committee was informed that large-scale humanitarian mine clearing was not within the UNDOF mandate and that the host Governments were responsible for mine clearance, pursuant to the mandate contained in Security Council resolution 350 (1974) and extended in subsequent resolutions. However, UNDOF was active (a) in operational demining, i.e. in cases

when a mine surfaces on an UNDOF patrol route, the unexploded ordnance would subsequently be eliminated by UNDOF military personnel; and (b) in coordinating mine-awareness public relations activities with other organizations such as the United Nations Children's Fund (UNICEF).

B. Resource requirements

1. Military and civilian police personnel

Category	*Approved 2004-2005*	*Proposed 2005-2006*
Military contingents	1 037	1 047

13. According to the report of the Secretary-General (A/59/653) and the related supplementary information supplied to the Advisory Committee, a troop strength increase from 1,037 to 1,047 was authorized by Security Council resolution 1578 (2004). The Secretariat proposes a related budgetary increase of $124,300 in its document A/59/653 for the Force's standard troop-cost reimbursement. The Advisory Committee observes that, although resolution 1578 (2004) states that the Security Council has considered the report of the Secretary-General on UNDOF (S/2004/948), it does not explicitly approve, or even note, a change in troop strength. The Advisory Committee questions whether the Security Council's consideration of the report could be interpreted as an implicit authorization of the troop strength increase proposed in the report of the Secretary-General on UNDOF (S/2004/948). The Committee points out that troop strength changes not only carry financial implications but may also affect a mission's mandated activities. **While the Advisory Committee will not interpose an objection in this instance, it points out that the resource requirement for the additional military personnel appears to be based on a subjective interpretation of the text of Council resolution 1578 (2004). Despite the fact that this may have happened in the past, the Advisory Committee is of the opinion that requests for additional financial resources related to an increase in troop strength should be based on a clear indication by the Security Council.**

2. Civilian personnel

Category	*Approved 2004-2005*	*Proposed 2005-2006*
International staff	42	42
National staff	92	107

Recommendation on posts

14. *Reclassification of one P-3 Chief Civilian Personnel Officer post to the P-4 level, Division of Administration (A/59/653, table 3).* The proposed reclassification is proposed owing to increased training activities and in order to align with the level of Chief Civilian Personnel Officers at other missions of comparable size and to reflect additional responsibilities. The Committee points out that the overriding principle for reclassification should be based on operational needs instead of a mere synchronization of post levels, particularly in view of the fact that there is no

anticipated significant upsurge in staffing activity at UNDOF. **However, in view of the Committee's frequently stated position that it will not, as a rule, question proposed reclassifications to P-5 and below, it will not object in this instance.**

15. *One national General Service post as a receiving and inspection clerk at Camp Ziouani (A/59/659, table 3).* The Secretariat explained that receiving and inspection activities at Camp Ziouani were currently undertaken part-time by an administrative officer and that a full-time staff member was required to ensure efficient receiving and inspection operations at this camp. Military personnel also provided receiving and inspection functions at Camp Ziouani but, as they are rotated every six months, there was no continuity. The addition of a full-time receiving and inspection clerk at Camp Ziouani would ensure equal coverage at both camps, at Camp Ziouani and Camp Faouar; a full-time receiving and inspection clerk was already on-site at Camp Faouar. The Committee notes that the receiving and inspection clerk post at Camp Faouar is one of the three national General Service staff for which the Committee had requested rejustification (see below). **The Advisory Committee supports the establishment of the General Service post of receiving and inspection clerk at Camp Ziouani.**

16. *Conversion of 14 general temporary assistance posts to national General Service posts (A/59/653, table 3).* The Secretariat proposes the conversion of 14 general temporary assistance staff, following their conversion in 2004/05 from casual labourers, into 14 national General Service posts, as indicated in the table below.

	Proposal 2005/06[a]	*Grade/step*
Data-Processing Field Assets Control System/Galileo Assistant for General Services Section	1	G-3/1
Maintenance Technician for General Services Section	1	G-3/1
Registry and Archive Support for Procurement Section	1	G-3/1
Electrician for Engineering Section	2	G-3/1
Generator Mechanic for Engineering Section	1	G-3/1
Construction Technician/Mason for Engineering Section	2	G-2/1
Construction Technician/Painter for Engineering Section	1	G-2/1
Plumber for Engineering Section	1	G-2/1
Carpenter for Engineering Section	1	G-2/1
Draftsperson for Engineering Section	1	G-3/1
Water/Sewage Technician for Engineering Section	1	G-2/1
Senior Electrician for Engineering Section	1	G-4/1
	14	

[a] The 2005/06 proposal to convert 14 general temporary assistance to 14 national General Service staff is identical to the 2004/05 proposal to convert 14 casual labourers to general temporary assistance staff.

17. The Committee notes that general temporary assistance staff have entitlements and benefits that are similar to those provided staff on 100-series contracts serving

against established national staff posts. The main difference is that general temporary assistance staff can be issued contracts for a maximum of 11 months.

18. The Secretariat provided information indicating that during 2004/05, the 14 individuals received their first conversion from contractual services to general temporary assistance. The Committee notes the two-phased conversion, as illustrated in the table below.

Phase	*Action*	*Cost*	
1: 2004/05	14 casual labourers converted to 14 general temporary assistance staff		$37 500
2: (proposed) 2005/06	14 general temporary assistance staff proposed to be converted to 14 national General Service staff	Increase of proposed 2005/06 budget for national staff	Plus $329 226[a]
		Decrease of proposed 2005/06 budget for general temporary assistance	Less $153 900
		Cost of conversion	Net increase **$175 326**
	Total cost of conversion of 14 casual labourers to general temporary assistance to national General Service staff over two budget periods	**$212 826**	

[a] Increase mainly due to a change in the applicable salary scale and the grade at which individual national General Service staff would be budgeted.

- During phase 1 (2004/05), 14 casual labourers were converted to general temporary assistance staff. The cost was $37,500.
- During proposed phase 2 (2005/06), the same 14 individuals, now on general temporary assistance, would be converted to national General Service staff. The cost is estimated at $175,326.

19. The Secretariat explained that the disproportionate increase was due to the fact that: (a) the 14 staff, along with other staff at all General Service levels, would be budgeted under the heading national staff using level G-5, step 5, as a budgetary baseline but they would in actuality be paid according to their individual levels; and (b) the yearly salary review resulted in a 6.2 per cent upward salary scale adjustment. **The Advisory Committee notes that all proposed national General Service staff are well below the G-5 level. The Advisory Committee would have**

expected a brief written explanation reflecting the above-mentioned clarifications under the relevant budget line items in the submitted documents.

20. The Advisory Committee recalls that, in its report A/58/759/Add. 7 (para. 19), it was not convinced that sufficient justification was given for the proposed conversion of 14 casual labourer positions outsourced to an individual contractor into 14 general temporary assistance posts. Moreover, the Committee noted that efforts should be made by the administration of UNDOF to find suitable outsourcing arrangements, taking into account the comments on this matter in its general report on peacekeeping operations (A/58/759). The General Assembly, in its resolution 58/306 dated 28 July 2004, authorized the Secretary-General to fund the 14 contractual posts on the budget for the Force for the period from 1 July 2004 to 30 June 2005 through general temporary assistance. The General Assembly also requested a resubmission of this request with full justification in the context of the 2005-2006 budget proposal.

21. The Advisory Committee notes that proper budgetary procedure requires that continuing functions should be carried out by staff occupying established posts. The Committee has found no basis to conclude that the functions described, which have been performed for many years and will be required in the future, are not of a continuing nature. **In order to correct the situation and to ensure budget transparency, the Committee will not object to a one-time across-the-board conversion.**

22. *Rejustification of three national General Service posts (A/59/653, table 3).* The Advisory Committee in its report A/58/759/Add.7 (para. 18) requested a rejustification of three national General Service posts, namely one information technology assistant, one rigger and one receiving and inspection clerk at Camp Faouar. In so doing, the Committee noted again that the General Assembly in resolution 57/324 (para. 10) authorized the three posts for a period not to exceed one year. The Committee notes that the Secretariat had required the three posts in support of the UNDOF modernization programme, which is now in its final stages of successful conclusion. The rationale for the rejustification as provided in table 3 of the budget document describes the ongoing functions that have been assigned to these posts. **The Committee notes that a convincing rationale has been presented and recommends acceptance of this explanation.**

Other observations and recommendations

23. UNDOF currently has 27 Field Service posts, as well as six international General Service staff. The Committee queried whether there were ongoing efforts to identify posts that could be converted to national staff. **The Advisory Committee acknowledges the Force's intention to collaborate with the Office of Human Resources Management to conduct a structural and functional review to identify international posts for conversion to national posts. The Committee requests an update on the results.**

3. Operational costs

Apportioned 2004/05	*Proposed 2005/06*
$12 897 200	$13 066 500

24. The estimated operational requirements for the period from 1 July 2005 to 30 June 2006 result from a basket of decreases and increases under various budget line items leading to an overall increased budgetary requirement of $169,300, or 1.3 per cent, as compared to the previous budget period. Significantly lower expenditures were expected under (a) acquisition of accommodation equipment and under construction services due to the completion of the Force's modernization programme in 2004/05; (b) spare parts thanks to sufficient available inventory, thereby minimizing the need for new acquisitions; and (c) commercial communications thanks to a reduction in telephone and Internet rates. Higher expenditures were expected under: (a) acquisition of refrigeration equipment to replace two aged refrigeration containers; (b) acquisition of security and safety equipment to meet minimum operating security standards; (c) acquisition of vehicles; (d) repairs and maintenance; and (e) acquisition of operational maps to replace outdated existing maps.

Facilities and infrastructure

25. The Advisory Committee notes that several 2003/04 budget line items in the performance report's supplementary information under facilities and infrastructure indicated overexpenditure owing to unforeseen expenses: a need to install monitoring devices on vendors' fuel trucks; an unforeseen need to replace office furniture at Camps Faouar and Ziouani; and an unforeseen requirement for the rental of archiving premises in New York. The Committee understands that the latter was necessitated following a Headquarters review of the Force's archiving needs and a subsequent recommendation to scan and also physically transfer vital substantive and support documents to a secure Headquarters archival facility. **Nonetheless, the Advisory Committee emphasizes that budgetary estimates, particularly in those expenditure areas that are within the mission's and the Secretariat's direct planning capabilities, should reflect estimates based on solid planning assumptions to avoid overexpenditure.**

26. The Advisory Committee also noted significant fluctuations in some inventory holdings, for instance under office equipment, communications and computer equipment. The Secretariat subsequently provided information indicating that (a) with the introduction of the new Galileo inventory system, items valued at $500 or less were now included in inventory holdings, this was not the case under the old field assets control system; and (b) particularly in the areas of communications, equipment was upgraded to comply with the provisions of the newly introduced minimum operating security requirements. **The Advisory Committee acknowledges the reasons for fluctuations in the levels of inventory but emphasizes the importance of effective inventory control and management. The Advisory Committee will continue to follow up on this matter.**

Ground transportation

27. The Advisory Committee notes that the 2003/04 performance report indicates that eight Finnish-produced APC armoured personnel carriers were brought back into service after having been written off. This resulted in a $5,800 increase in related spare parts requirements. However, the proposed budget for 2005/06 indicates a decreased spare parts requirement of a total of $381,800, as compared with $773,800 for 2004/05 owing to sufficient on-site spare parts availability, presumably accumulated over a period of time. **On the basis of the above, the**

Advisory Committee concludes that budgetary overestimates were made dating back at least to 2003/04. It notes with satisfaction that the UNDOF administration has reviewed and reassessed its vehicle spare parts inventory so as to present a more realistic budget proposal in this regard for 2005/06.

Armoured personnel carriers

28. An amount of $685,600 is estimated for repairs and maintenance, primarily for armoured personnel carriers. This amount reflects an increase of $546,600, or 393.2 per cent, for the previous period for the maintenance of eight SISU armoured personnel carriers in 2005/06. The latter were previously written off and are now to be brought back into service to replace Nyala armoured personnel carriers, which UNDOF plans to retain until the SISU vehicles are fully operational. The SISU fleet is expected to be fully deployed and operational by the start of the 2005/06 period. The Committee was provided with the following information on the Force's armoured personnel carriers:

	Type SISU	*Type Nyala*
Beginning United Nations-owned equipment armoured personnel carrier inventory	14 (Incl. 6 from UNIFIL in 2004)	28
Temporarily written off: 8		
Brought back from write-off: 8		
To be obtained under wet lease, as contingent-owned equipment, during 2005/06	6	
To be phased out	—	(28)
Total	**20**	**0**

- Eight previously written off SISUs have now been brought back into service and are undergoing maintenance and repairs. Four SISUs are expected to be operational in April 2005, four in June 2005.
- Twenty-eight Nyala armoured personnel carriers are currently operational and will be phased out as the SISUs become operational. The Nyalas will then either be scrapped and/or cannibalized for spare parts or perhaps be transferred to another mission.
- UNDOF included a budgetary requirement of six SISU armoured personnel carriers to be obtained under contingent-owned equipment wet lease during 2005/06.
- UNDOF also included a proposed budgetary requirement for four additional armoured personnel carriers, which would replace those United Nations-owned equipment armoured personnel carriers that have reached the end of their useful service lives.

29. **The Advisory Committee was not provided with sufficient information to explain the underlying reasons why the Force's operational military planning**

arrived at the conclusion that Nyala armoured personnel carriers would no longer be suitable for military operations.

V. Conclusion of the Advisory Committee

30. The action to be taken by the General Assembly in connection with the financing of UNDOF for the period 1 July 2003 to 30 June 2004 is indicated in paragraph 19 of the performance report (A/59/625). **The Advisory Committee recommends that the unencumbered balance of $265,400, as well as other income/adjustments in the amount of $1,328,000, be credited to Member States in a manner to be determined by the General Assembly.**

31. **The action to be taken by the General Assembly in connection with the financing of UNDOF for the period 1 July 2005 to 30 June 2006 is indicated in paragraph 23 of the proposed budget (A/59/653). The Advisory Committee recommends acceptance of the Secretary-General's proposal for the United Nations Disengagement Observer Force.**

Documentation

- Report of the Board of Auditors on United Nations peacekeeping operations for the period from 1 July 2003 to 30 June 2004 ((A/59/5), vol. II, chap. II)
- Performance report on the budget of the United Nations Disengagement Observer Force for the period from 1 July 2003 to 30 June 2004 (A/59/625)
- Proposed budget for the United Nations Disengagement Observer Force for the period from 1 July 2005 to 30 June 2006 (A/59/653)
- Proposed budget for the United Nations Disengagement Observer Force for the period from 1 July 2004 to 30 June 2005 (A/58/662)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report for the period from 1 July 2002 to 30 June 2003 and proposed budget for the period from 1 July 2004 to 30 June 2005 of the United Nations Disengagement Observer Force (A/58/759/Add.7)
- General Assembly resolutions 57/324 and 58/306 on the financing of the United Nations Disengagement Observer Force
- Reports of the Secretary-General on the United Nations Disengagement Observer Force (S/2004/499 and S/2004/948)
- Security Council resolution 1578 (2004) of 15 December 2004